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In the

Supreme Court of the United States

FESTO CORPORATION,
PETITIONER,

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD.,
a/k/a/ SMC CORPORATION
AND SMC PNEUMATICS, INC.,
RESPONDENTS.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR BOSE CORPORATION AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER

CHARLES HIEKEN
COUNSEL OF RECORD
ROBERT E. HILLMAN
FRANK P. PORCELLI
CHARLES H. SANDERS
FISH & RICHARDSON
225 FRANKLIN STREET
Boston, MA 02110-2804
(617) 542-5070
Counsel for Bose Corp.

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QUESTIONS PRESENTED

The questions presented by the Petitioner are:

1) Whether every claim-narrowing amendment designed to comply with any provision of the Patent Act—including those provisions not related to prior art—automatically creates prosecution history estoppel regardless of the reason for the amendment; and

2) Whether the finding of prosecution history estoppel completely bars the application of the doctrine of equivalents.

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INTEREST OF THE *AMICUS CURIAE*

Amicus Curiae Bose Corporation, supporting Petitioner, makes large investments in research and development of new technology and has for years depended upon an effective patent system to justify those investments.[1] Meaningful protection requires that the courts not erect arbitrary barriers to patent enforcement that permit competitors to copy the real substance of patented innovations. Bose believes that the decision of the United States Court of Appeals for the Federal Circuit in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), by blocking most applications of the doctrine of equivalents, seriously undermines the patent system and its utility to encourage investment.

SUMMARY OF ARGUMENT

The en banc decision of the Federal Circuit is in serious and substantial conflict with both the letter and spirit of this Court's re-validation of the doctrine of equivalents in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997). First, the Federal Circuit ignored the clear dictate in *Warner-Jenkinson* that a whole category of amendments unrelated to prior art issues would not automatically give rise to prosecution history estoppel. The Federal Circuit contravened that decision by

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[1] Letters of consent from the parties accompany this brief. No counsel for a party authored this brief in whole or in part and no person or entity, other than the *Amicus Curiae*, its members, or its counsel made a monetary contribution to the preparation or submission of this brief.

expanding estoppel to reach all narrowing amendments related to any statutory prerequisite for the patent grant. Second, the Federal Circuit ignored this Court's instruction that, even where an amendment relates to prior art and thus creates an estoppel, the reason for the amendment is still to be considered in applying the estoppel. To the contrary, the Federal Circuit instituted an absolute bar against any equivalents to an amended claim limitation. Finally, in legislating these "bright line" rules, the Federal Circuit was plainly motivated by a desire to impose the very same "certainty" that this Court deemed outweighed by the need for fairness when it declared in *Warner-Jenkinson*: "Today we adhere to the doctrine of equivalents." 520 U.S. at 41.

Bose believes that in *Festo* the Federal Circuit, by wiping out long-standing precedent on which the owners of over one million patents now in force relied in prosecuting their applications, has unjustly upset the settled expectations of patent owners and risks the future effectiveness of the patent system as an incentive for investment in technology.

ARGUMENT

I. *Warner-Jenkinson* Stands For A Nuanced, Rather Than Bright Line, Approach To When Prosecution History Estoppel Arises And To Its Scope Once In Place.

The doctrine of equivalents fundamentally elevates fairness, and the nuanced, case-by-case judgment it requires, over the increased certainty

that a bright line restriction of patents to the absolute literalism of their claims would provide. In this way the doctrine "tempers the rigor of literalness" and strengthens the patent system by evaluating the proper scope of patent protection on the basis of real substance rather than an arbitrary rule. *Hilton Davis Chemical Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1531 (1995) (en banc) (Newman, J., concurring), *rev'd and remanded*, 520 U.S. 17 (1997). This Court squarely confirmed the vitality of the doctrine in *Warner-Jenkinson*. In the same spirit, this Court specifically rejected bright line approaches to when prosecution history estoppel arises to bar application of the doctrine and how the scope of an estoppel, once it arises, should be gauged.[2]

Specifically, with respect to when an estoppel arises, this Court rejected a proposed bright line rule that every narrowing amendment would create an estoppel. Instead, the Court distinguished between two categories of amendments. One category consisted of amendments "related to patentability," 520 U.S. at 33, which the Court noted were usually made to distinguish prior art or avoid obviousness. *See id.* at 30-31. The second category consisted of amendments made for the "variety of other reasons why the PTO [Patent and Trademark Office] m[ight] request a change in claim language." *Id.* at 31. Only

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[2] The Court, by way of balance, also set careful safeguards against overbroad use of the doctrine by requiring element-by-element application, establishing a presumption that an unexplained amendment gives rise to an estoppel, and encouraging district courts to enforce such safeguards by granting summary judgment. *See* 520 U.S. at 39 n.8.

amendments in the first category would necessarily give rise to an estoppel. Amendments in the second category, even though made in response to the "Patent Office's insistence upon a change in the claims," *id.*, and thus imposed as a condition of the patent grant, would "not necessarily preclude infringement by equivalents of that element." *Id.* at 33.

In presenting its reasons for distinguishing between these categories of amendments, this Court adhered to its time-honored approach:

> And if the PTO has been requesting changes in claim language without the intent to limit equivalents or, indeed, with the expectation that language it required would in many cases allow for a range of equivalents, we should be extremely reluctant to upset the basic assumptions of the PTO without substantial reason for doing so. Our prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of reasons, and we see no substantial cause for requiring a more rigid rule invoking an estoppel regardless of the reasons for a change.

Id. at 32. For examples of amendments in the second category, the Court cited pages 22-23 of the Brief for the United States as *Amicus Curiae*, which in turn described amendments relating to the requirements of 35 U.S.C. § 112: enablement, specificity,

definiteness, and the like.[3] *See* 520 U.S. at 31-32. Thus, *Warner-Jenkinson* made clear that § 112-related amendments, even though required by the PTO to secure the issuance of a patent, are not in the category of amendments "related to patentability" that necessarily create an estoppel.[4] *Id.* at 33.

Warner-Jenkinson confirmed the same "look at the reason for the amendment" approach in describing how the scope of an estoppel, once created, should be determined. Because the "scope of estoppel" question was not squarely raised in *Warner-Jenkinson*, the Court devoted less discussion to it than to the question of when an estoppel arises. Nevertheless, in footnote seven the Court clearly signaled that there would be no absolute bar to equivalents even when the amendment distinguished prior art and thus created an estoppel:

> We do not suggest that, where a change is made to overcome an objection based on the prior art, a court is free to review the

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[3] The Brief for the United States as *Amicus Curiae* stated that amendments "to reflect the scope of what was enabled or to add specificity," as well as "claim changes or arguments made in order to more particularly point out the applicant's invention," should "not necessarily estop" the patentee from obtaining protection under the doctrine of equivalents. Brief for the United States as *Amicus Curiae* at 22-23, 1996 WL 17221, *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997) (No. 95-728) (internal quotation marks and citation omitted).

[4] This Court's exclusion of § 112-related amendments from the "related to patentability" category is consistent with Congress' structure of Title 35, in that § 112 does *not* appear under Chapter 10 entitled "Patentability of Inventions."

> correctness of that objection when deciding whether to apply prosecution history estoppel. As petitioner rightly notes, such concerns are properly addressed on direct appeal from the denial of a patent, and will not be revisited in an infringement action. What *is* permissible for a court to explore is the reason (right or wrong) for the objection *and the manner in which the amendment addressed and avoided the objection.*

Id. at 33 n.7 (citation omitted and second emphasis added).

Thus, even with respect to amendments made to distinguish prior art, the scope of an estoppel would be based on the real substance of what happened during prosecution—the nature of the prior art objection and the rationale for how the amendment distinguished the art. This approach was aligned with, and for consistency of policy really dictated by, the Court's basic re-validation of the doctrine of equivalents itself, emphasizing nuanced fairness over bright line certainty.

We now turn to how the en banc Federal Circuit decision in *Festo* is contrary to both the letter and animating spirit of *Warner-Jenkinson*.

II. The Federal Circuit's Bright Line Rules Are In Direct Conflict With *Warner-Jenkinson*

Little need be said to show that the Federal Circuit's decision in *Festo* runs roughshod over *Warner-Jenkinson*. Whereas this Court made

explicit that § 112-related amendments should be treated differently from those to overcome prior art, the Federal Circuit lumped them all together. The Federal Circuit not only thus reversed this Court's treatment of § 112-related amendments but also essentially emptied the category of "the *variety* of other reasons why the PTO may request a change in claim language" that this Court held did not necessarily create an estoppel.[5] 520 U.S. at 31 (emphasis added).

Similarly, in holding an estoppel covers all equivalents, the Federal Circuit contradicted both the overall nuanced approach of *Warner-Jenkinson* and the explicit indication in footnote seven that the underlying rationale for an amendment should be considered even when it relates to prior art and thus creates an estoppel. *See id.* at 33 n.7. Only by considering the full context of an amendment can one determine how much has in fact been surrendered and therefore whether an estoppel should bar a particular equivalent.

Careful reading of the majority and concurring opinions of the Federal Circuit makes clear that its imposition of new bright line rules governing estoppel was not motivated by concerns specific to applying the more flexible approach required by *Warner-Jenkinson*. Instead, the Federal Circuit was motivated, pure and simple, by a distaste for the lack

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[5] Patentees' resultant reluctance to amend will sacrifice the increased clarity that §112-related amendments offer the public regarding the scope of the claims, thus ironically taking away some of the certainty that motivated the Federal Circuit to impose the absolute rules of *Festo* in the first place.

of complete certainty that is an inherent by-product of the doctrine of equivalents itself, a degree of uncertainty that *Warner-Jenkinson* held was an acceptable price to pay for the fairness and effectiveness that the doctrine preserved in the functioning of the patent system.

The majority opinion repeatedly invokes the notice function of claim language. Yet that notice function is no more undermined by a finding of equivalence to an amended claim limitation than it is by a finding of equivalence to an original limitation; in each case, the literal boundary of the claim is extended to prevent infringement by an equivalent that uses the substance of the claim limitation. In his separate concurrence, Judge Plager, a member of the majority, decried at length the "indeterminate nature of the test" for the doctrine of equivalents itself, and then remarked, "The net effect has been that all too often there is no way to know whether a particular product infringes under the doctrine until a panel of this court says so; the rule of analysis gives little real guidance, and equally little predictability."[6] *Festo*, 234 F.3d at 592 (Plager, J., concurring). Similarly, in his separate concurrence, majority member Judge Lourie complained that, under the doctrine of equivalents, "clever attorneys

[6] The Federal Circuit's actual record casts serious doubt on this statement's validity. District courts are able to grant summary judgment of no infringement under the doctrine of equivalents, and these decisions more often than not withstand de novo review. Since this Court's *Warner-Jenkinson* decision in 1997, there have been at least 54 reported decisions of the Federal Circuit involving district court grants of summary judgment of no infringement under the doctrine of equivalents, and the Federal Circuit affirmed 35 (or 65%) of them.

can argue infringement outside the scope of claims all the way through this court of appeals," and that "the specter of unpredictable equivalence claims haunts too many business decisions." *Id.* at 596-97.

In its specific rulings and its overall approach, the Federal Circuit has violated both the letter and spirit of this Court's careful and balanced affirmation of the doctrine of equivalents in *Warner-Jenkinson*. In concluding that, "after nearly twenty years of experience" in applying the doctrine of equivalents, the "current state of the law regarding the scope of equivalents that is available when prosecution history estoppel applies is 'unworkable'" and on that basis jettisoning well-established precedent, the majority has in effect legislated a change in the patent laws that requires reversal by this Court.[7] *Festo*, 234 F.3d at 574-75.

III. *Festo* Unfairly Deprives Patent Owners Of Property Rights In Patents Already In Force.

Retroactive change in the rules—which is what the Federal Court's decision in *Festo* amounts to—almost always smacks of unfairness. Here we face the ownership of over a million patents now in force that were prosecuted on the reasonable assumption that amendments responding to § 112 rejections

[7] Not only is such a conclusion one that, if it is to be reached at all, should be reached by Congress, but it is actually at odds with the widespread view of industry that the patent system over the last twenty years has in fact been revitalized—ironically, in significant part due to the supportive role played by the Federal Circuit—and works well.

would not automatically give rise to an equivalents-defeating estoppel. Patentees also relied on long-standing precedent, including over fifteen years of Federal Circuit cases ranging from *Hughes Aircraft Co. v. United States*, 717 F.2d 1351 (Fed. Cir. 1983) to *Litton Systems, Inc. v. Honeywell, Inc.*, 140 F.3d 1449 (Fed. Cir. 1998), establishing that even amendments responding to prior art rejections would not automatically bar all equivalents. Lawyers, counseled by cases such as *Datascope Corp. v. SMEC, Inc.*, 879 F.2d 820 (Fed. Cir. 1989), instructing that competent infringement opinions should consider the doctrine of equivalence, have written numerous opinions based on these assumptions, and clients have relied on them. Billions of dollars have been invested in research and development with this shared understanding of the protection that the patent system would afford.

In the face of all this, the Federal Circuit has now abruptly announced in *Festo* that its own experience has convinced it that these assumptions are "unworkable" and must be withdrawn. No matter that over a million patent applications were prosecuted in accordance with a strategy reasonably based on a "no sudden death by amendment" foundation.[8] No matter that thousands of license agreements were reached with economic provisions

[8] Few patent applications emerge from the PTO without claim amendments, and typically the amendments are made at the point of novelty to distinguish close prior art. Ironically, although the justification for providing a scope of equivalence has greatest force with respect to those features at the heart of the invention, *Festo* dictates that the patentee is unlikely to receive any scope of equivalence on them.

resting on that same foundation. In one fell swoop, acting in effect as a legislative body conducting its own foray into industrial policymaking, the Federal Circuit has changed the rules with retroactive effect.

This sudden and unwarranted change, in conflict with well-established precedent, rests not on any legal theory but rather on the Federal Circuit's desire to reshape basic innovation policy. In a very real sense the issue is about the ownership of property rights in technology that embodies the essence of a patented invention, but, due to colorable but insubstantial change, lies just outside literal claim language. Until *Festo* this intellectual property was typically owned by the patentee, who created its animating center, unless resort to the doctrine of equivalents would conflict with the genuine substance of a concession on patentability made in the PTO, or would encroach on prior art. From now on, however, if *Festo* were to stand, substance will no longer matter. Any narrowing amendment, made for virtually any reason, will automatically bar all access to the doctrine of equivalents.[9] The property just outside the literal claim language, even when it is in fact equivalent to what is claimed, and thus flows directly from the patentee's contribution to the "Progress of Science and the Useful Arts," will automatically and always be free for the copyist. U.S. CONST., art. I, § 8, cl. 8.

[9] As seen above, the Federal Circuit in *Festo* defined "patentability" far more broadly than this Court intended in *Warner-Jenkinson*, leaving virtually no reason for an amendment that would not be swept in by this overly expansive definition.

CONCLUSION

For the foregoing reasons, the en banc decision of the Federal Circuit in *Festo* should be reversed. This Court should re-affirm what it already said in *Warner-Jenkinson*—that a § 112-related amendment does not necessarily create an estoppel and that an estoppel created by a prior art-related amendment does not necessarily bar all application of the doctrine of equivalents.

Respectfully submitted,

CHARLES HIEKEN
Counsel of Record
ROBERT E. HILLMAN
FRANK P. PORCELLI
CHARLES H. SANDERS
FISH & RICHARDSON P.C.
225 FRANKLIN STREET
Boston, MA 02110-2804
(617) 542-5070
Counsel for Bose Corp.